

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1703 - SB 1961

March 13, 2014

SUMMARY OF BILL: Defines “student data” as data collected or reported at the individual student level that is included in a student’s educational record. Prohibits the Department of Education (DOE) from transferring student data out of state to any corporation, company, government agency, or other entity unless such transfer is required by federal law.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$12,053,600/FY14-15
\$4,392,600/FY15-16
Exceeds \$4,392,600/FY16-17 and Subsequent Years**

Other Fiscal Impact – It is unclear how this change will impact the state’s federal Elementary and Secondary Education Act waiver and portions of the Race to the Top (RTT) grant funding, a majority of which has already been received by the state. Depending on the federal Department of Education’s response, the federal government may withhold future federal funding or require the state to pay back a portion of the RTT grant funding that has already been received. Any such fiscal impact cannot be reasonably quantified and is dependent upon multiple unknown factors.

To the extent local education agencies elect to purchase new textbooks as a result of the new state assessment prompted by passage of this bill, the one-time permissive increase in local government expenditures is reasonably estimated to exceed \$1,000,000.

Assumptions:

- State funding currently allocated to the state contracts related to standardized testing will be reallocated and expended for the purpose of administering the required functions in-house.
- This fiscal note is reflective of new state expenditures to effectuate this bill and does not include the transfer of current contract allocations which are deemed state expenditures under current law, and will be state expenditures under this bill.

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- DOE will purchase 10 additional scanners to score multiple choice tests at an estimated cost of \$100,000 per scanner; a one-time increase in state expenditures of \$1,000,000 (10 x \$100,000).
- DOE estimates a one-time increase in state expenditures of \$500,000 for the leasing of equipment to receive, ship, pack, and unpack equipment needed to score and process tests in the warehouse where these activities would take place.
- DOE estimates that additional space will be leased. Based on prior leasing agreements for the Office of Assessment Logistics at the Hardison Building, this cost is estimated at \$18 per square foot per year for 25,200 square feet; a recurring increase in state expenditures of \$453,600 (\$18 x 25,200).
- The state will not administer the Partnership for Assessment of Readiness for College and Career (PARCC) test.
- The state will develop a new test to align with existing state curriculum standards. The new test will be implemented in the 2015-16 academic year.
- Currently, the state is not spending any funds on PARCC test development. Using historical test development costs, the DOE estimates a one-time increase in state expenditures of \$10,100,000 for the development of new state assessments. This one-time state expenditure will occur in FY14-15.
- According to DOE, the state will spend an amount between \$21,000,000 and \$25,000,000 on the PARCC test administration. The exact amount is dependent upon multiple unknown factors such as the number of students who will take the PARCC test using pen and paper. However, and for the purpose of this fiscal note, it is reasonably assumed the cost to the state would be \$23,000,000.
- DOE estimates that the cost to administer new state tests that meets state standards would be approximately \$26,939,000.
- The difference between what the state is estimated to spend on the administration for PARCC assessments and the administration of a new state assessment is \$3,939,000 (\$26,939,000 - \$23,000,000). Therefore, the recurring increase in state expenditures for administering new state assessments is estimated to be \$3,939,000 beginning in FY15-16.
- In FY14-15, the increase in state expenditures is estimated to be \$12,053,600 (\$1,000,000 scanner purchase + \$500,000 warehouse + \$453,600 space lease + \$10,100,000 new test development).
- In FY15-16, the increase in state expenditures is estimated to be \$4,392,600 (\$453,600 space lease + \$3,939,000 new test administration).
- In FY16-17 and subsequent fiscal years, the recurring increase in state expenditures is estimated to exceed \$4,392,600.
- The adoption of new state standards may take place in conjunction with the textbook purchasing cycle. However, if the adoption of new standards and the textbook cycle did not happen concurrently, the state would not require local education agencies (LEAs) to purchase new textbooks. To the extent LEAs elect to purchase new textbooks as a result the new state assessment prompted by passage of this bill, the one-time permissive increase in local government expenditures is reasonably estimated to exceed \$1,000,000.
- The Race to the Top grant funding and the state's federal No Child Left Behind (NCLB) waiver were received, partially on the basis of Tennessee's new teacher evaluation and

student testing models. The full Race to the Top grant amount is \$501,000,000. Based on information provided by the Department of Education, the federal government may require the state to repay a portion of the grant funding that has been drawn down; withhold future grant funding; or both.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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